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SCHEDULE A - 6

RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM (RRAP)
FOR THE DISABLED
NEWFOUNDLAND

The rural component of this Program will be delivered and administered by Newfoundland and Labrador Housing Corporation (NLHC). The urban component will be delivered and administered by Canada Mortgage and Housing Corporation (CMHC) in 1986, with these functions assumed by NLHC once 75/25 cost-sharing is achieved on this program component.

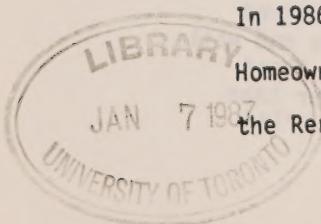
1. OBJECTIVE

To assist in the repair, improvement or modification of existing homeowner or rental housing to improve the accessibility of the dwelling unit for disabled persons.

2. PROGRAM DESCRIPTION

RRAP for the Disabled will provide financial assistance to owners of housing accommodation to improve the accessibility of rental and ownership units occupied or intended to be occupied by disabled persons. Assistance is for eligible repairs in the form of a full term loan, a portion of which may be forgiven over a period of time depending on the income for homeowners and signing a rental agreement for landlords. The assistance is available in rural areas on a universal basis throughout Newfoundland.

In 1986, the cost-sharing arrangements relating to the Homeowner Residential Rehabilitation Assistance Program, the Rental Residential Rehabilitation Assistance Program,



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the Residential Rehabilitation Assistance Program for the Disabled, and the Emergency Repair Program will be on an 84/16 Federal/Provincial basis. This is equivalent to 75/25 Federal/Provincial cost-sharing of the rural component of Homeowner Residential Rehabilitation Assistance Program, the rural component of Residential Rehabilitation Assistance Program for the disabled, and the Emergency Repair Program. Canada and Newfoundland's cost-sharing of these same programs will be 80/20 respectively in 1987, and 75/25 respectively in 1988.

Enabling Federal Legislation

National Housing Act:

- Loans - Section 34.1;
- Loan Forgiveness - Section 34.11;
- Protection of Security - Section 55.

Enabling Provincial Legislation

Newfoundland and Labrador Housing Corporation Act:

- Chapter 249 of the Revised Statutes of Newfoundland, 1970.

3. ELIGIBILITY CRITERIA

3.1 Delivery Agents

Housing Agencies and other groups or individuals are eligible to act as delivery agents. Criteria for the qualification of delivery agents will include such elements as technical and financial expertise and will be determined by CMHC and NLHC. Agents, other than

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NLHC, will be paid a fee in relation to functions performed. Generally, the existing delivery agent network will be retained for 1986. Additional eligible agents required in 1986 and future years will be determined by NLHC in accordance with jointly agreed criteria.

3.2 Disabled Occupants

Disabled person means any person who, as a result of a deficiency, either congenital or not, in his or her physical or mental capability, is unable to ensure by himself or herself the necessities and social life of a normal individual. The rural component of RRAP for the Disabled will be available to eligible disabled persons in rural areas on a universal basis throughout Newfoundland. Rural means rural areas or communities, off-reserve, having a population of 2 500 or less. Rural municipal jurisdictions having a population of greater than 2 500 but where the population is dispersed (i.e. no population core or centre of more than 2 500) are considered rural areas.

3.3 Properties

The program will be available to homeowners and landlords undertaking acceptable accessibility work, as specified in program guidelines, to improve a dwelling occupied or intended to be occupied by disabled persons. Any housing projects receiving ongoing federal or provincial social housing subsidies are not eligible, such as special care homes or nursing homes, except where rent supplement is being provided on private rental accommodation.

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No loan may be made unless both parties are satisfied that the occupancy and maintenance of the dwelling will conform to "RRAP Standards" after repair or modification.

3.4 Earning of Loan Forgiveness

In addition to the terms and conditions of the loan commitment, continued ownership and occupancy for five years for homeowners and adherence to a fifteen year rental agreement for landlords are requirements for the earning of loan forgiveness in equal annual installments.

4. ELIGIBLE PROJECT COSTS/ASSISTANCE

Eligible project costs include, but are not limited to, the cost of eligible accessibility modifications, based on accepted contractors' bids, which render the dwelling unit more accessible, plus legal fees, interest on repayable advances, building permits and the cost of drawings and specifications.

Eligible project costs may be financed through a forgivable loan of up to \$5 000 provided to homeowners. Forgivable loans up to \$5 000 per self-contained unit or up to \$2 500 per bed-unit will be provided to landlords. Regular homeowner and rental rehabilitation assistance for eligible repairs will also be available to eligible homeowners and landlords and will be calculated independently.

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The maximum \$5 000 forgivable loan will be provided to homeowners with adjusted incomes up to \$23 000. The forgivable loan will decline one dollar for each two dollars of income above \$23 000 and reach zero at an income of \$33 000. The definition of adjusted income is attached as Appendix "1" to this Schedule. Direct repayable loans of up to \$10 000 (including the forgivable loan) will also be made available to homeowners, on a residual basis, at interest rates acceptable to both parties.

5. PROJECT SELECTION/DELIVERY PROCESS

5.1 Client Selection Criteria

Priority will be given to clients based on income and the level of repair/modification required to accommodate the applicants' disability.

5.2 Delivery Process

NLHC will ensure that funds for this program are allocated in accordance with the approved three-year plan attached as Schedule B of the Operating Agreement.

Delivery agents will enter into an Agency Agreement with NLHC, acceptable to CMHC and NLHC, which will stipulate the scope, terms, conditions, roles and responsibilities of the agent.

NLHC may be responsible for training, provision of information and explaining program guidelines to delivery agents and will monitor the performance of agents.

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In addition, NLHC is responsible for loan commitment, obtaining loan security, loan advancing and loan administration. NLHC will also conduct periodic monitoring to ensure adherence to guidelines and standards.

The delivery agent may be responsible for the explanation of the program to potential applicants, the inspection of the property to establish eligible repairs, the job specification and cost estimates, financial analysis and loan interview, loan recommendation, progress and final inspections and such other responsibilities as stipulated in an agency agreement between NLHC and the delivery agent.

In a given geographical area, the program will be delivered by NLHC through the same agents delivering the Homeowner and Rental rehabilitation programs.

6. COMMITMENT

NLHC will approve loan commitments based on the recommendation of the delivery agent after reviewing the application package to ensure compliance with program guidelines. A loan commitment under Section 34.1 will be deemed to be made on the date the loan is approved by NLHC. The interest rate will be established by both parties and will be set in accordance with program guidelines. NLHC will deliver to CMHC a notice of commitment on a form provided in the Program Guidelines within five (5) working days after the commitment is made. Except

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in extenuating circumstances agreeable to both parties, commitments will be cancelled if rehabilitation has not been started within six months of the date of the notice of commitment.

6.1 Commitment Notification/Publicity

All news releases or announcements pertaining to budget allocations or commitments to a project will be in accordance with the Operating Agreement and the Program Guidelines.

6.2 Loan Security

Where NLHC wishes to take the individual mortgage securities in its own name, a Trust Agreement shall be entered into between CMHC and NLHC.

Security for both forgivable and repayable components will be by mortgage or such other security as deemed adequate by CMHC and NLHC. Loans of up to \$10 000 may be secured by a promissory note. A mortgage will be taken on the dwelling when the total loan or loans to any one owner exceed \$10 000.

7. ADVANCING

Where a loan commitment has been made, NLHC will ensure that the appropriate loan security has been obtained prior to any advances being made.

NLHC will make advances based on progress inspections of work completed. Loan advances will be made against the

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forgiveness portion of the loan first and then against any repayable portion. Prior to a final advance being made, NLHC will ensure that all repairs have been completed and comply with RRAP Standards.

8. PROJECT/PORTFOLIO ADMINISTRATION

An amortization period of up to 20 years is available for repayable loans which shall not exceed the useful life of the dwelling.

NLHC will be responsible for loan administration after the account has been fully advanced. This will include earning of loan forgiveness, occupancy verifications, sale of properties, collections, arrears action, postponement of mortgage security, default procedures, legal action and other requirements in accordance with the program guidelines.

In the event that a mortgaged property is acquired under foreclosure, title shall be held by NLHC "In Trust" in accordance with the Trust Agreement provisions referred to in 6.2 Security.

8.1 Rental Agreements

The landlord must be willing to enter into a fifteen year rental agreement which will specify allowable rents for the period of earning the loan forgiveness. The NHA stipulates that rental agreements must be signed by CMHC. During the period of the rental agreement, rent increases

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above the allowed annual maximum must be approved by NLHC and must be in conformance to any provincial rent control/review legislation.

9. ELIGIBLE PROGRAM COSTS

Eligible program costs will be based on the rural component of this program and will be cost-shared on a 75/25 basis between Canada and Newfoundland in 1986.

9.1 Budgetary Costs

Budgetary costs include:

- Loan Forgiveness - Upon advancing, that portion of a RRAP loan which is forgiven, as described in Section 4 Eligible Project Costs/Assistance.
- Repayable loans which are deemed uncollectible and written off.
- Acquisition costs not recovered on resale.
- Agency Fees - Eligible charges for agency fees payable to a delivery agent for each loan commitment, as described in Appendix "4" to this Schedule.
- Financing Interest - Any financing interest payable on budgetary receipts and disbursements will be calculated at an interest rate acceptable to CMHC and NLHC. Interest in such cases will be calculated on the net expenditures to the date of reimbursement.

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- . Publicity - The cost of eligible program and project publicity measures and materials as agreed upon by CMHC and NLHC.
- . Program Delivery and Administration Costs - Eligible annual costs of delivery and administration based on performance standards acceptable to NLHC and CMHC.

9.2 Non-Budgetary Costs

Non-budgetary costs include:

- . Repayable and Forgivable RRAP Loans - That portion of a RRAP loan which is to be repaid, as described in Section 4 Eligible Project Costs/Assistance. Upon default, unearned forgiveness becomes repayable.
- . Eligible Interest - Interest on repayable advances accumulating up to the Interest Adjustment Date at the project's commitment rate of interest.
- . Acquisition of Property - The costs of property acquisition where done in order to protect the loan security.

10. BUDGETING AND CLAIMS

The financial reporting requirements for budgeting and claims are outlined in Appendix "3" to this Schedule and specified in the program guidelines.

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11. INFORMATION REQUIREMENTS

NLHC will ensure that all information requirements outlined in Appendix "2" of this Schedule, and specified in Program Guidelines are provided to CMHC.

Commitment data will be provided no later than five (5) working days after a commitment is made. Updates to previously communicated commitment data will be transmitted in a similar fashion.

In matters pertaining to monitoring delivery agents, the Planning and Monitoring Committee will determine monitoring requirements which will permit the assessment of agents' compliance to program guidelines and their delivery performance. An approved sampling approach will also be used to examine the extent to which landlords comply with their rental agreement.

CMHC and NLHC will have full access to the results of the above.

DEFINITION OF TOTAL HOUSEHOLD INCOME

The total income of the household is the aggregate income, in whatever form received, of the owner/occupier and spouse (all as defined in the Program Guidelines) and 25% of the income of all other permanent household members, excluding the income of children in full-time attendance at school.

Income includes:

- Salary, wages, commissions, rents, investment income, part-time earnings, tips, alimony maintenance payments and child support received from a separated/divorced spouse, etc.;
- Unemployment Insurance Benefits, Social Assistance, Mother's Allowance, Welfare, and Family Allowances;
- Old Age Security Pension, Canada Pension Plan, private pensions, disability pensions, annuities, etc.

In those cases where an applicant or permanent household member is self-employed, the following applies: The annual income for self-employed individuals is the net income (gross revenue minus expenses) plus capital cost allowances. Examples of assets subject to capital cost allowance are vehicles, buildings, equipment, etc.

A verification/confirmation of income must be obtained for all applicants. For example, a statement signed by the employer, or in the case of self-employed, a copy of the most recent income tax return or other evidence satisfactory to NLHC.

Boarders unrelated to the applicant or spouse are not considered to be permanent household members. The net rents received from such boarders for room and board are to be included in total household income.

DEFINITION OF ADJUSTED INCOME

For purposes of establishing the forgivable loan amount, NLHC will determine the annual "adjusted income" of the household in the following manner:

Exclude from the income of the household:

- family allowances;
- alimony maintenance payments or child support paid to a separated or divorced spouse;

Deduct from the income of the household:

- \$300 for each dependent, includes children in full-time attendance at school and any other dependents with no income;
- work-related earnings of a single parent or working spouse to a maximum of \$1000;

RESIDENTIAL REHABILITATION ASSISTANCE
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NEWFOUNDLAND

SCHEDULE A-6 - APPENDIX "2"

INFORMATION REQUIREMENTS: SUMMARY

Commitment Data:

- this data is submitted by way of commitment forms;
- the commitment forms shall contain the following generic data elements:
 - property and client addresses;
 - household composition;
 - household income;
 - Native ancestry;
 - number of disabled persons;
 - nature of disability;
 - household's debt and capacity to pay;
 - post-RRAP basic shelter costs;
 - description of work done:
 - type and cost of repairs;
 - financing of repair costs:
 - amount of loan and financing conditions,
 - loan forgiveness obtained;
 - project description:
 - building type,
 - age of building,
 - location codes;
 - delivery agency identifier;
 - agency fee information;
 - rural/urban indicator;
 - account identification information;
- if RRAP for the Disabled is provided to a landlord the following data elements would also be required:
 - *pre-RRAP rent;
 - *post-RRAP rent;
 - total number of units;
 - number of units rehabilitated by type.
- this information, or part of it, will be updated through a project's life cycle (eg.: loan increases, decreases or cancellations to the point of establishment of IAD and final cost).

* This only pertains to units rehabilitated.

BUDGETING AND CLAIMS

The financial reporting requirements for budgeting and claims can be grouped by the following categories:

- A. Budget Preparation
- B. Budget Administration
- C. Commitments
- D. Claims
- E. Annual Information - Audited
 - Unaudited
- F. Budgetary Expenditure Accruals

For the Residential Rehabilitation Assistance Program for the Disabled all budgeting, claims and reporting will be segregated into the following activities unless otherwise indicated:

RRAP - Disabled - Rural
Security Protection - Section 55
RNH Training Funds

A. BUDGET PREPARATION

A three-year financial plan is developed on an annual basis as part of the joint planning process. It identifies planned commitment levels, expenditure levels, and cash flow patterns over the planning period which includes the budget year and the following two years. Commitment activity is planned on a calendar basis whereas expenditure activity is planned on a 31 March fiscal year basis. Cash flow is presented on both a calendar and fiscal year basis for five years. Commitment, expenditure and cash flow estimates for the year preceding the budget year and the two years following the budget year are presented for planning, information and monitoring purposes only.

Budget limits for the budget year are established in Schedule B to the Operating Agreement.

Three-year plans will be established by activity for the following areas:

1. Commitments - Units
2. Commitments - Budgetary
 - Non-budgetary
3. Budgetary Expenditures
4. Cash Flow Forecast - Budgetary
 - Non-budgetary

1. Commitments - Units

Schedules of units committed and the associated repayable loans will be used to derive the forecasts of non-budgetary expenditures. Schedules of units committed and the associated forgivable loans will be used to derive forecasts of budgetary expenditures.

A. BUDGET PREPARATION (Cont'd)

Data on characteristics of the proposed units (average unit repair costs, total repair costs of the units that will be amortized, projected interest rates, amortization terms, average forgiveness ratios and proposed interest adjustment dates ("phase-in rates")) will be required to support the derivation of expenditures.

2. Commitments - Budgetary

Commitments for forgivable loans will be expressed in terms of budgetary dollars required. Commitments for RNH Training Funds will be expressed in terms of budgetary dollars required.

- Non-budgetary

Commitments for loans (including both repayable and forgivable components) will be expressed in terms of capital (non-budgetary) dollars required and will be supplemented by data on characteristics of proposed units as described under 1 (Commitments - Units). Where action will be taken to protect the RRAP security, commitments will be expressed in terms of Section 55 capital (non-budgetary) dollars required.

3. Budgetary Expenditures

For RRAP-disabled, budgetary expenditures will be displayed by type of expenditure (forgivable loans, loan losses, agency fees, delivery and administration costs, and financing interest) in accordance with program guidelines.

FOR RNH Training Funds, the amounts to be disbursed will be provided.

4. Cash Flow - Budgetary

A summary of the expected quarterly cash flow of budgetary expenditures will be provided to assist in cash management.

- Non-budgetary

A summary of the expected quarterly cash flow of non-budgetary expenditures for RRAP loans will be provided to assist in cash management.

B. BUDGET ADMINISTRATION

The approved annual budget is contained in Schedule B of the Operating Agreement. Changes to an approved budget must be determined and communicated in accordance with the Operating Agreement and the guidelines.

C. COMMITMENTS

Commitments for loans will be reported in capital dollars; commitments for forgiveness will be reported in budgetary dollars; and commitments for RNH Training Funds will be reported in budgetary dollars.

Commitments will be reported to CMHC by NLHC on a notice of commitment form, no later than five (5) working days after a commitment is made.

CMHC will acknowledge receipt of the notice of commitment.

D. CLAIMS

Claims for settlement between the parties will be submitted on a monthly basis within thirty days of the end of the month to which the transactions relate. Claims will contain sufficient information to permit:

- a) interim verification that the amounts being claimed or remitted are reasonable and within approved budgets;
- b) the recording of the necessary accounting entries relating to budgetary and non-budgetary expenditures and asset balances; and
- c) the monitoring of the status of the portfolio through continuity schedules of units committed, units under subsidy and asset balances.

The entire financial activity of the program shall be reported by NLHC, together with each party's proportionate share of expenditures.

Budgetary expenditures related to prior year accruals will be reported.

Amounts claimed for budgetary expenditures may be based upon estimates of actual activity. Estimates must be adjusted to actual on a periodic basis in accordance with program guidelines.

The monthly claim for the Residential Rehabilitation Assistance Program for the Disabled will include:

1. Continuity Schedule: Asset Balances and Units.

This schedule is required to enable CMHC to monitor the status of the portfolio in terms of non-budgetary expenditures and units, both under advancing and under repayment. Sufficient information will be included on commitments, advances, interest, forgivable loans, arrears, forgiveness, and other asset related activity to ensure that advances plus interest are within commitment amount and to record financial activity not requiring cash settlement. A listing, by project, of loan amounts being transferred from under advancing to under repayment at IAD will be provided and will reconcile to the continuity schedule.

2. Continuity Schedule: RNH Training Funds

This schedule is required to monitor the RNH Training Funds that have been committed, disbursements on these commitments, and outstanding commitments.

3. Expenditures

A report of actual expenditures and receipts or an estimate of actuals for the month is required to monitor the financial impacts of program activity and to inform CMHC of its share of the expenditures.

The financial data will be displayed by program activity and expenditure category consistent with budget requirements. Sufficient data will be provided to support the agency fees and delivery and administration costs claimed.

The report will also disclose the respective share of the expenditures of each party and the amounts for which reimbursement is being requested by NLHC.

E. ANNUAL INFORMATION - AUDITED

The audited statement of budgetary and non-budgetary expenditures will provide an independent verification of the proper use of funds in accordance with the Operating Agreement and program guidelines and will be used to determine the final amount payable to or recoverable from NLHC for the fiscal year ending 31 March.

The audited statement and its supporting schedules will contain information at a level similar to that provided on the monthly claims for the fiscal year.

Budgetary expenditures will be broken down by year of commitment in a supporting schedule. This schedule does not require audit and may be based on reasonable estimates.

Audited information will be submitted no later than 30 September.

ANNUAL INFORMATION - UNAUDITED

Annual outstanding commitment and asset balance information, by account, as at 31 December will be submitted for planning and monitoring purposes and to support information contained in CMHC's records.

Outstanding commitment information will be classified by year of commitment and show the total advances to date including interest, if any, for loans and training funds.

This information is required to reconcile the detailed asset and commitment files maintained by CMHC to those of NLHC.

Unaudited information must be submitted to CMHC no later than 31 January.

F. BUDGETARY EXPENDITURE ACCRUALS

Budgetary expenditures which have been incurred but not disbursed within the fiscal year ending 31 March and which, in accordance with program guidelines, should be charged to the budget for that year, will be reported by NLHC by 30 April. This information will be certified by a senior financial officer of NLHC. Estimates of the accruals can be submitted at this time but will have to be adjusted to actuals when the final audited statement of expenditures is submitted.

DELIVERY AGENT FEE SCHEDULE

Those agents not performing all of the delivery functions will be paid on a pro-rata basis for those functions actually performed. The table below shows the distribution of the fee, by function, as well as by category of loan.

Les agents qui n'accomplissent pas tout le travail d'application seront payés au pro-rata des tâches accomplies. Le tableau suivant donne la distribution du droit par étape et par catégorie de prêt.

REFERENCE FEE CHART/
TABLEAU DES DROITS D'AGENCE

	Category I/Catégorie I *			Category II/ ** Catégorie II	
	A	B	C	A	B
	Up To/ Jusqu'à 100 km	101-250km	251 km +	Up to/ Jusqu'à 250 km	251 km +
- Administrative/Administration					
. Each additional unit/ . Chaque logement additionnel	\$ 230.00 15.00	\$ 260.00 15.00	\$ 285.00 15.00	\$ 315.00 15.00	\$ 350.00 15.00
. Each additional bed-unit/ . Chaque lit additionnel		7.00	7.00	7.00	7.00
- Technical-Initial Inspection/ Technique-Inspection initiale					
. Each additional unit/ . Chaque logement additionnel	\$ 160.00 35.00	\$ 185.00 35.00	\$ 200.00 35.00	\$ 230.00 35.00	\$ 255.00 35.00
. Each additional bed-unit/ . Chaque lit additionnel		17.50	17.50	17.50	17.50
- Technical-Progress Inspection/ Technique-Inspections d'étape					
. Each additional unit/ . Chaque logement additionnel	\$ 210.00 20.00	\$ 240.00 20.00	\$ 265.00 20.00	\$ 290.00 20.00	\$ 330.00 20.00
. Each additional bed-unit/ . Chaque lit additionnel		10.50	10.50	10.50	10.50
- All Delivery Functions carried out/ Exécution de toutes les étapes d'application					
. Each additional unit/ . Chaque logement additionnel	\$ 600.00 70.00	\$ 685.00 70.00	\$ 750.00 70.00	\$ 835.00 70.00	\$ 935.00 70.00
. Each additional bed-unit/ . Chaque lit additionnel		35.00	35.00	35.00	35.00

* Unit is accessible by road/Le logement est accessible par route.

** Unit is not accessible by road/Le logement n'est pas accessible par route.